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Attorneys for Plaintiff
 AUTHENTEC, INC.

UNITED STATES DISTRICT COURT
 NORTHERN DISTRICT OF CALIFORNIA
 SAN FRANCISCO DIVISION

AUTHENTEC, INC., a Delaware Corporation,
 Plaintiff/Counterclaim
 Defendant,
 vs.
 ATRUA TECHNOLOGIES, INC., a California
 Corporation,
 Defendant/Counterclaimant.

Case No. C08 01423 (PH)

**PLAINTIFF AUTHENTEC, INC.'S REPLY
 TO DEFENDANT ATRUA
 TECHNOLOGIES, INC.'S
 COUNTERCLAIMS AND AUTHENTEC,
 INC.'S CROSS-CLAIMS**

In response to the Counterclaims asserted by Defendant Atrua Technologies, Inc. ("Atrua"), in its Answer To First Amended Complaint; Counterclaim For Patent Infringement, Trade Libel, Interference With Prospective Economic Advantage, Unfair Competition, False Advertising, and Declaratory Judgment; Demand For Jury Trial filed on May 14, 2008 ("Atrua's Answer and Counterclaims") (Dkt. No. 21), Plaintiff AuthenTec, Inc. ("AuthenTec") replies as follows, starting with paragraph 38 because paragraphs 1-37 consist of Atrua's Answer.

1 AuthenTec denies any and all allegations in the Counterclaims except those expressly admitted
2 herein and states as follows:

3 38. AuthenTec admits the allegations of paragraph 38 of Atrua's Answer and
4 Counterclaims.

5 39. AuthenTec admits the allegations of paragraph 39 of Atrua's Answer and
6 Counterclaims.

7 40. AuthenTec denies the allegations of paragraph 40 of Atrua's Answer and
8 Counterclaims.

9 41. AuthenTec admits the allegations of paragraph 41 of Atrua's Answer and
10 Counterclaims.

11 42. AuthenTec admits the allegations of paragraph 42 of Atrua's Answer and
12 Counterclaims.

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14 **RESPONSE TO COUNTERCLAIM ONE**
(Patent Infringement)

15 43. AuthenTec repeats its responses to the preceding paragraphs.

16 44. AuthenTec admits that U.S. Patent No. 7,197,168 ("the '168 patent") is titled "Method
17 and System for Biometric Image Assembly from Multiple Partial Biometric Frame Scans," that Atrua
18 is named as an assignee on the face of the '168 patent, and that a copy of the '168 patent is attached as
19 Exhibit A to Atrua's Answer and Counterclaims. AuthenTec denies that the '168 patent duly and
20 legally issued on May 27, 2007. As to the remainder of paragraph 44 of Atrua's Answer and
21 Counterclaims, AuthenTec is without knowledge or information sufficient to form a belief as to the
22 truth of the remaining allegations of paragraph 44, and therefore denies those allegations.

23 45. AuthenTec is without knowledge or information sufficient to form a belief as to the
24 truth of the allegations of paragraph 45 of Atrua's Answer and Counterclaims, and therefore denies
25 those allegations.

26 46. AuthenTec denies the allegations of paragraph 46 of Atrua's Answer and
27 Counterclaims.

1 47. AuthenTec denies the allegations of paragraph 47 of Atrua's Answer and
2 Counterclaims.

3
4 **RESPONSE TO COUNTERCLAIM TWO**
(Trade Libel and Defamation)

5 48. AuthenTec repeats its responses to the preceding paragraphs.

6 49. AuthenTec is without knowledge or information sufficient to form a belief as to the
7 truth of the allegations of paragraph 49 of Atrua's Answer and Counterclaims, and therefore denies
8 those allegations.

9 50. AuthenTec admits that it sells fingerprint sensor devices. AuthenTec admits that it had
10 some discussions regarding Atrua in 2008. AuthenTec denies the remainder of paragraph 50 of
11 Atrua's Answer and Counterclaims.

12 51. AuthenTec admits that it filed its Complaint for Patent Infringement against Atrua on
13 March 12, 2008 and that a press release about the lawsuit dated March 14, 2008 states that "AuthenTec
14 asserts that Atrua's products infringe multiple AuthenTec patents covering fingerprint sensor
15 technologies." As to the remainder of paragraph 51 of Atrua's Answer and Counterclaims, AuthenTec
16 is without knowledge or information sufficient to form a belief as to the truth of the allegations in
17 paragraph 51, and therefore denies those allegations.

18 52. AuthenTec denies the allegations of paragraph 52 of Atrua's Answer and
19 Counterclaims.

20 53. AuthenTec denies the allegations of paragraph 53 of Atrua's Answer and
21 Counterclaims.

22 54. AuthenTec denies the allegations of paragraph 54 of Atrua's Answer and
23 Counterclaims.

24 55. AuthenTec denies the allegations of paragraph 55 of Atrua's Answer and
25 Counterclaims.

26 56. AuthenTec denies the allegations of paragraph 56 of Atrua's Answer and
27 Counterclaims.

RESPONSE TO COUNTERCLAIM THREE
(Intentional Interference with Prospective Economic Relations)

59. AuthenTec is without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 59 of Atrua's Answer and Counterclaims, and therefore denies those allegations.

61. AuthenTec denies the allegations of paragraph 61 of Atrua's Answer and Counterclaims.

63. AuthenTec denies the allegations of paragraph 63 of Atrua's Answer and Counterclaims.

64. AuthenTec repeats its responses to the preceding paragraphs.

66. AuthenTec denies the allegations of paragraph 66 of Atrua's Answer and Counterclaims.

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AUTHENTEC'S RESPONSES TO ATRUA'S
COUNTERCLAIMS & AUTHENTEC'S CROSS-CLAIMS
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RESPONSE TO COUNTERCLAIM FIVE
(Unfair Competition)

68. AuthenTec repeats its responses to the preceding paragraphs.

69. AuthenTec denies the allegations of paragraph 69 of Atrua's Answer and Counterclaims.

70. AuthenTec denies the allegations of paragraph 70 of Atrua's Answer and Counterclaims.

71. AuthenTec denies the allegations of paragraph 71 of Atrua's Answer and Counterclaims.

RESPONSE TO COUNTERCLAIM SIX
(Declaratory Judgment of Noninfringement and Invalidity of the '248 Patent)

72. AuthenTec repeats its responses to the preceding paragraphs.

73. AuthenTec neither admits nor denies paragraph 73 of Atrua's Answer and Counterclaims containing no allegations. To the extent that this paragraph purports to claim that the '248 patent is invalid, AuthenTec denies such claims.

74. AuthenTec neither admits nor denies paragraph 74 of Atrua's Answer and Counterclaims containing no allegations. To the extent that this paragraph purports to claim that Atrua does not infringe the '248 patent, AuthenTec denies such claims.

RESPONSE TO COUNTERCLAIM SEVEN
(Declaratory Judgment of Noninfringement and Invalidity of the '439 Patent)

75. AuthenTec repeats its responses to the preceding paragraphs.

76. AuthenTec neither admits nor denies paragraph 76 of Atrua's Answer and Counterclaims containing no allegations. To the extent that this paragraph purports to claim that the '439 patent is invalid, AuthenTec denies such claims.

77. AuthenTec neither admits nor denies paragraph 77 of Atrua's Answer and Counterclaims containing no allegations. To the extent that this paragraph purports to claim that Atrua does not infringe the '439 patent, AuthenTec denies such claims.

RESPONSE TO COUNTERCLAIM EIGHT
(Declaratory Judgment of Noninfringement and Invalidity of the '526 Patent)

78. AuthenTec repeats its responses to the preceding paragraphs.

79. AuthenTec neither admits nor denies paragraph 79 of Atrua's Answer and Counterclaims containing no allegations. To the extent that this paragraph purports to claim that the '526 patent is invalid, AuthenTec denies such claims.

80. AuthenTec neither admits nor denies paragraph 80 of Atrua's Answer and Counterclaims containing no allegations. To the extent that this paragraph purports to claim that Atrua does not infringe the '526 patent, AuthenTec denies such claims.

RESPONSE TO COUNTERCLAIM NINE
(Declaratory Judgment of Noninfringement and Invalidity of the '679 Patent)

81. AuthenTec repeats its responses to the preceding paragraphs.

82. AuthenTec neither admits nor denies paragraph 82 of Atrua's Answer and Counterclaims containing no allegations. To the extent that this paragraph purports to claim that the '679 patent is invalid, AuthenTec denies such claims.

83. AuthenTec neither admits nor denies paragraph 83 of Atrua's Answer and Counterclaims containing no allegations. To the extent that this paragraph purports to claim that Atrua does not infringe the '679 patent, AuthenTec denies such claims.

RESPONSE TO COUNTERCLAIM TEN
(Declaratory Judgment of Noninfringement and Invalidity of the '804 Patent)

84. AuthenTec repeats its responses to the preceding paragraphs.

85. AuthenTec neither admits nor denies paragraph 85 of Atrua's Answer and Counterclaims containing no allegations. To the extent that this paragraph purports to claim that the '804 patent is invalid, AuthenTec denies such claims.

86. AuthenTec neither admits nor denies paragraph 86 of Atrua's Answer and Counterclaims containing no allegations. To the extent that this paragraph purports to claim that Atrua does not infringe the '804 patent, AuthenTec denies such claims.

RESPONSE TO COUNTERCLAIM ELEVEN
(Declaratory Judgment of Patent Unenforceability for U.S. Patent 6,661,439)

87. AuthenTec admits only that Harris Corporation is listed as an original assignee of the '248 patent. AuthenTec denies Atrua's allegations in paragraph 87 of Atrua's Answer and Counterclaims to the extent that the '439 patent refers to U.S. Patent No. 6,661,439 referenced in Counterclaim Eleven. AuthenTec is without knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 87 of Atrua's Answer and Counterclaims, and therefore denies those allegations.

88. AuthenTec is without knowledge or information sufficient to form a belief as to the truth of whether during prosecution of a '298 patent the Examiner cited U.S. Patent No. 5,325,442, and therefore denies those allegations.

89. AuthenTec denies the allegations of paragraph 89 of Atrua's Answer and Counterclaims.

90. AuthenTec denies the allegations of paragraph 90 of Atrua's Answer and Counterclaims.

AFFIRMATIVE DEFENSES

For its separate affirmative defenses, AuthenTec avers as follows:

Failure to State a Claim

1. Atrua's counterclaims fail to state a claim upon which relief may be granted.

Noninfringement

2. AuthenTec does not infringe, nor has it ever infringed, any valid claim of the '168 patent, either directly or indirectly, through inducement or by contributory infringement, literally or under the doctrine of equivalents.

Invalidity

3. Each claim of the '168 patent is invalid or void for failure to comply with one or more provisions of the Patent Laws of the United States of America, Title 35, United States Code, including without limitation 35 U.S.C. §§ 101, 102, 103, and 112.

Laches

4. On information and belief, Atrua's claims for relief are barred, in whole or in part, by the doctrine of laches.

Waiver/Estoppel

5. On information and belief, Atrua's claims for relief are barred, in whole or in part, by the doctrines of waiver and/or estoppel.

Truth

6. On information and belief, any statements allegedly made or caused to be made by AuthenTec concerning Atrua were truthful, thereby barring Atrua's claims for relief.

Justification

7. On information and belief, any actions allegedly taken by AuthenTec and purportedly affecting Atrua were legally justified, thereby barring Atrua's claims for relief.

Competition Privilege

8. On information and belief, the competition privilege applies to any alleged actions of AuthenTec purportedly affecting Atrua, thereby barring Atrua's claims for relief.

Litigation Privilege

9. On information and belief, the litigation privilege applies to any alleged statements of AuthenTec concerning Atrua, thereby barring Atrua's claims for relief.

Prosecution History Estoppel

10. On information and belief, Atrua's claims for relief are barred, in whole or in part, by the doctrine of prosecution history estoppel.

Unclean Hands

11. On information and belief, Atrua's claims for relief are barred, in whole or in part, by the doctrine of unclean hands.

Unenforceability

12. Atrua's claims for relief are barred, in whole or in part, due to the unenforceability of the '168 patent claims.

CROSS-CLAIMS TO ATRUA'S INFRINGEMENT COUNTERCLAIMS

THE PARTIES

13. AuthenTec is a Delaware corporation having a principal place of business at 709 South Harbor City Boulevard, Melbourne, Florida 32901.

14. Atrua is a California corporation having a principal place of business at 1696 Dell Avenue, Campbell, California 95008.

JURISDICTION

15. This Court has subject matter jurisdiction over these cross-claims under at least 28 U.S.C. §§ 1131, 1338(a), and 1367 and the Federal Declaratory Judgment Act, 28 U.S.C. § 2201 *et seq.*

FIRST CLAIM FOR RELIEF

(Declaration of Non-Infringement of the '168 Patent)

16. AuthenTec repeats all of the preceding paragraphs as if fully set forth herein.

17. Based on Atrua's filing of its counterclaim and AuthenTec's affirmative defenses, an actual controversy has arisen and now exists between the parties as to whether any of AuthenTec's products infringe any valid and enforceable claim of the '168 patent.

18. AuthenTec's products do not infringe and have never infringed any valid and enforceable claim of the '168 patent, either literally or under the doctrine of equivalents, nor is AuthenTec actively inducing or contributing to the infringement of the '168 patent. Therefore, AuthenTec is not liable for any damages purportedly arising from Atrua's accusation of infringement.

19. AuthenTec desires and requests judicial determination and declaration of the respective rights and duties of the parties based on the disputes recited above. Such determination and resulting declaration are necessary and appropriate at this time so that the parties may ascertain their respective rights and duties regarding the noninfringement of the '168 patent.

20. Under the Federal Declaratory Judgment Act, 28 U.S.C. § 2201 *et seq.*, AuthenTec accordingly requests a declaration from the Court that AuthenTec does not infringe any claim of the '168 patent in any way.

SECOND CLAIM FOR RELIEF
(Declaration of Invalidity of the '168 Patent)

21. AuthenTec repeats all of the preceding paragraphs as if fully set forth herein.

22. The '168 patent, and each claim thereof, is invalid for failure to comply with the conditions and requirements of patentability set forth in Title 35 of the United States Code, particularly 35 U.S.C. § 101, *et seq.*

23. The '168 patent, and each claim thereof, is invalid for failure to comply with the provisions of 35 U.S.C. § 102.

24. The '168 patent, and each claim thereof, is invalid for failure to comply with the provisions of 35 U.S.C. § 103.

25. The '168 patent, and each claim thereof, is invalid for failure to comply with the provisions of 35 U.S.C. § 112.

26. AuthenTec desires and requests a judicial determination and declaration of the respective rights and duties of the parties on the disputes recited above. Such a determination and declaration are necessary and appropriate at this time so the parties may ascertain their respective rights and duties regarding the invalidity of the '168 patent.

27. Under the Federal Declaratory Judgment Act, 28 U.S.C. § 2201 *et seq.*, AuthenTec accordingly requests a declaration from the Court that the '168 patent is invalid and unenforceable.

DEMAND FOR JURY

A trial by jury is requested for all issues triable to a jury.

PRAYER FOR RELIEF

WHEREFORE, AuthenTec respectfully prays for the following relief:

A. A judgment that Atrua take nothing by its counterclaims;

B. A judgment that Atrua's counterclaims be dismissed with prejudice and that all relief requested therein be denied with prejudice;

C. A judgment declaring that AuthenTec does not infringe any valid and enforceable claim of the '168 patent in any way;

D. A judgment declaring that each claim of the '168 patent is invalid;

1 E. That Atrua is not entitled to any injunctive relief;

2 F. A finding that this case is an exceptional case and entry of judgment awarding
3 AuthenTec its costs, expenses, and reasonable attorneys' fees under 35 U.S.C. § 285 or as otherwise
4 permitted by law;

5 G. For attorneys' fees occurred herein, as permitted;

6 H. For costs of suit incurred herein; and

7 I. For other such relief as the Court deems appropriate.

8 Dated: June 6, 2008

Respectfully submitted,

9 HOWREY LLP

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11 By: /s/ Denise M. De Mory

12 Denise M. De Mory
13 Attorneys for Plaintiff
14 AuthenTec, Inc.
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